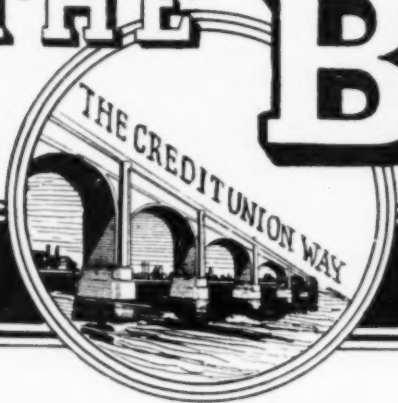


THE BRIDGE



The Way To Economic Betterment

December, 1941



Credit Union Defense Bond Sales

Pages 277, 278, 280

Official Publication of
THE CREDIT UNION NATIONAL ASSOCIATION

THE BRIDGE

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The race upstream

NOW is the time to organize credit unions.

Restrictions on loans to consumers may have blinded us to the fact that America needs credit unions now more than ever. Let's rub our eyes and look again.

Literally hundreds of credit unions are virtually unaffected by Regulation W. They never loaned more than \$300; they never took chattels; they never wrote loans for more than eighteen months. And still they served their members better than any other loan agency could.

The same opportunities for service are open to credit unions whose operations have been substantially modified. They can still serve their members better than any other loan agency.

Credit unions have been like boats sailing in calm water. They have had smooth sailing and made good speed. We have come to think of that kind of sailing and that kind of speed as normal. Now we have entered a river; we are sailing upstream. Our speed is reduced.

BUT everybody else is sailing up the same stream. Everybody else is fighting the same current. Our speed relative to the shore has been reduced, but our speed relative to other boats has not been affected. The high-rate lenders and instalment houses haven't gained an inch. In fact, lacking the personal contact we have with our members, they have probably lost. We can win a race upstream just as easily as across a pond.

And we must remember that the emergency has produced other opportunities for service. It is enough to mention only one—the opportunity to sell Defense Bonds. In a number of department stores and hotels, employees' credit unions are now selling Defense Bonds to the general public. All Federal credit unions and many State-chartered groups are licensed as issuing agents. The Credit Union National Association and other groups are making every effort to get that privilege extended to all State-chartered credit unions.

Not for profit, not for charity, but for service, is an old credit union slogan. This is no time to forget it.

sending in a single subscription or a group of subscriptions. The BRIDGE would appreciate it if you would mark all renewal subscriptions conspicuously with the word "Renewal."

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THE BRIDGE

A Monthly Magazine Devoted to the Credit Union Movement

Volume 6

DECEMBER, 1941

Number 10

Credit union licensing begins

CREDIT unions have one month in which to apply for a license to do business legally under Regulation W, the Federal Reserve Board's order placing restrictions on consumer credit.

Registration statements are now being sent to all credit unions. State-chartered credit unions will receive forms from the Credit Union National Association. Federal-chartered credit unions are being sent forms by the Federal Credit Union Section. State-chartered credit unions should fill out the forms promptly and return them to their Federal Reserve Banks. Federal credit unions are to return their forms to the Federal Credit Union Section.

Failure to fill out the statement would mean that the credit union is no longer entitled to do business.

The form is simple and should cause credit unions no trouble.

Questions in it which concern credit unions include the following:

"Indicate by check mark whether Registrant is in business as an individual, partnership, corporation or other form." A credit union, of course, is a corporation.

"Check the principal business of the Registrant." Check the square marked *credit union*.

"Credit outstanding and sales." Here there are six classifications of business, of which only two concern credit unions: the ones listed as "retail instalment credit (loans) extended directly" and "personal instalment cash loans." The first calls for the credit union's total outstandings in loans as of September 30 for the purchase of any article such as automobiles, trucks, household appliances, furniture, clothing, jewelry, etc., if secured by a lien on the article purchased and only if so secured; and also loans for building repairs or modernization whether or not secured. The

second calls for the figure on other loans made by the credit union, excluding all loans reported in the first group and excluding also loans made to business concerns for business purposes, loans secured by mortgages or other liens on real estate and agricultural loans.

If these two groups cannot be figured exactly, they may be estimated and marked *Est*.

The question "Did Registrant have any branches on September 30, 1941?" may be answered *No*. Unless some new and bizarre interpretation of the word branch is forthcoming, credit unions do not have branches.

The question "Is 50 per cent of Registrant's voting stock owned or controlled directly or indirectly by any other company?" is answered *No*.

ASPACE calling for "Explanation, if any, which Registrant may wish to add," concerns credit unions organized between September 30 and December 31, 1941; they should in this space give the date of organization. Where loan balances are asked for, these credit unions should give the figures as of the end of the first month of operation and indicate the date for which the figures are submitted.

Full instructions are being sent out with the forms. These statements must be filled out and submitted by December 31.

As the November issue of *THE BRIDGE* went to press, new amendments to the regulation were announced. Some of these changes have the effect of easing the regulation as it affects credit union practice, others of restricting it still further. The chief ways in which credit unions are favorably affected are by elimination

of the requirement of a \$5 minimum monthly payment on a loan and by waiving the requirement of a statement of necessity when loans are being renewed or consolidated.

The principal ways in which credit unions are now asked to modify their operations follow:

Formerly, loans up to \$1,000 came under the regulation. Now the ceiling is raised to \$1,500. Modernization loans, however, in excess of \$1,000 are still exempt unless more than 50 per cent of the loan is used for listed articles.

Loans secured by bona fide first mortgages are now exempt; so are loans made for the purpose of financing or refinancing the structure or purchase of an entire building, residential or other type.

Loans made for the purpose of financing purchase of certain listed articles (cars, washing machines, furniture, etc.) now must be made within the down-payment requirements whether or not secured by liens on these articles. The down-payment requirement formerly applied only when the loan was secured by a lien on the article.

Effective January 1, 1942, each loan applicant must sign a statement indicating the purpose of the loan on a form to be provided by the Federal Reserve Governors. Credit unions will be kept posted on this point.

LOANS may be consolidated now without a statement of necessity, but the payments made under the new contract must be at least as large as payments on the old obligations, and they must be sufficiently large to retire the consolidated obligation in fifteen months.

The term of an original loan may not exceed eighteen months. Before a loan has been fully repaid, it may be consolidated with other outstanding debts and the renewed loan extended over a period of fifteen months without a statement of necessity. There is no limit to the number of times this may be done.

A letter treating these amendments fully went out from the Credit Union National Association to every credit union in the country on October 31.

New Credit Unions in October

Ninety-three new credit unions have been reported for October within the borders of the United States. Ninety-eight additional credit unions affiliated with their State Leagues and CUNA during the month.

Workers, employers get together on problems

THE desire for realistic economic cooperation between management and labor has lately resulted in two significant programs. One is an attempt to provide workers with low-cost insurance covering sickness and death; the other is a plan for adjusting wages to changes in the cost of living.

The insurance plan, which includes hospitalization provisions, is a joint effort of the Amalgamated Clothing Workers Union and the Clothing Manufacturers of the U.S.A. It will cover 140,000 clothing workers in the principal centers of production.

As it now stands, the plan becomes effective May 15. Employers will pay 2 per cent of weekly payrolls into a fund that will yield an annual \$5,000,000 for insurance. A schedule of sick-benefits covering a 13- to 15-week period and \$500 coverage in case of death are proposed. This plan has been in operation since March, 1940, in Chicago, where 18,000 workers have been covered.

A bonus plan to cover rising living costs, written into a contract between the American Federation of Machinists and Schick, Inc., electric-shaver manufacturer, has been operating since spring. The first bonus payment under the plan was made to Schick employees in October.

The agreement calls for quarterly examination of living costs with adjustments of wages to correspond to price fluctuations. Living costs for the quarter beginning October 3 were revealed by the figures of the Bureau of Labor Statistics to have risen 3 per cent for the New York district, and employees are receiving a 3 per cent bonus with their pay during the present quarter.

Utah votes for Co-op life insurance

WITH only one dissenting vote, the Utah legislature has passed a law giving legal standing to cooperative life insurance. The Utah Cooperative Life Insurance Association has already been set up under the law and is operating with headquarters in Salt Lake City. The bill was sponsored by the State Farm Bureau and other local cooperative organizations.

Among the provisions of the law are these requirements:

1. Open membership without regard to religion or politics based upon a standard of insurability with

careful protection for members against fraud or deception.

2. Each member to have one vote, which vote must be cast in person and not by proxy for the election of directors. The State may be divided into districts for this purpose.

3. A limited interest on capital stock or revolving funds, with no vote to holders of such funds.

4. All overpayments for safety paid by members above the actual cost of insurance, i.e., the death loss and administrative cost, to be returned to

Credit Unions in 1942

What's the biggest job ahead?
THE BRIDGE wants you to write.

What should be the objectives of the credit union movement in 1942?

The National Board of CUNA discussed the problems of the credit union movement at its last annual meeting. Some of the suggestions made emphasized the following activities:

The formation of new credit unions;

Support for social legislation;

Cooperation with adult education activities;

Education of the masses in credit union leadership and objectives;

Reaching lowest income groups;

Education of supervisory departments;

Bulletins and publications;

Development of sound practice in credit unions;

Coordination of credit unions with other organized groups and spreading an understanding of political and social problems;

Stressing home ownership through savings;

Wider distribution of savings;

Making study-club activity a requirement for membership.

What do you think? Are these the most important tasks ahead for the credit union movement? Are they good practice? How close should the credit union movement stick to its knitting?

Think it over. Write a letter about it to THE BRIDGE, Raiffeisen House, Madison, Wisconsin. THE BRIDGE will publish as many of your letters as possible in its January and February issues.

The National Directors have a chance to get together once a year.

You who are rank-and-file credit union officers and members get your chance in THE BRIDGE. You can make this a big thing—perhaps a yearly symposium of the credit union rank and file.

members as decided by the board of directors.

5. The directors of the association elected by the personal vote of the members to conduct the association for the sole benefit of the members.

Loans drop in September, October

According to a preliminary report by the United States Department of Commerce, credit union instalment loan balances declined approximately \$5,000,000 in the two-month period ending October 31, 1941. Consumer loan balances held by credit unions totaled \$222,400,000 at the beginning of September. The estimated \$5,000,000 decline during September and October, the first two months of operation under the new Federal Reserve Board instalment credit regulation, represents a reduction of 2.2 per cent in loan balances. Credit union consumer loans outstanding gained 2.2 per cent in the same period last year.

This information, based on reports to the Department of Commerce by 1,078 State- and Federal-chartered credit unions, also indicates that the volume of consumer instalment loans granted during September, 1941, was 20 per cent below August volume, as compared to a 10 per cent decline from August to September a year ago. Loan grants by credit unions in October, 1941, were up 4 per cent from the September figure, while last year October volume was 6 per cent above the previous month's total.

Defense Bond Movie

A movie short called "America Preferred," produced as promotion for the Defense Savings Program, is available from the Treasury Department. It is a 16 mm. sound film. Prints are in the hands of State Administrators. You can get the name of your State Administrator from the Managing Director of your State League or from CUNA Educational Services, Madison, Wis.

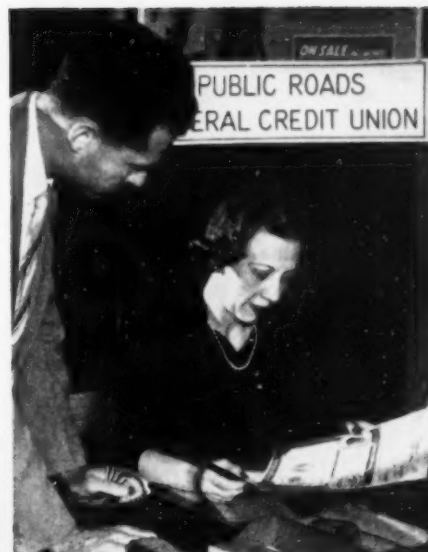
New Managing Directors

The North Carolina Credit Union League is now incorporated under the laws of the State as a non-stock, non-profit organization.

The North Carolina and Virginia Leagues, which for the past three years have employed Hurst Owen, Jr., as Regional Managing Director for both States, have announced that they have reached a point at which each can employ a full-time managing director of its own. Appointments will be made after January 1.

Selling Defense Bonds

This new credit union activity is gaining momentum daily. A survey by **THE BRIDGE** (see page 280) shows that the interest of credit union members in Defense Bonds and Stamps is steadily growing. Milton Rygh, assistant director of the Federal Section, says credit unions that don't support the national defense program are inviting disaster for democracy (see page 278).



Ring up a sale. Credit unions are promoting the sale of bonds by posters, articles in bulletins, special meetings, talking with individual members. Payroll deduction for the purchase of bonds is increasingly common.



An event to commemorate—the first Defense Bond sold. In this case it's the Fore River Credit Union, Massachusetts, and the chairman of the credit committee buys the bond.



The Esso Marketers Credit Union, Boston, put on a public sale of Defense Bonds in the park.



One thing about the Esso Defense Bond sale that drew crowds was the fact that every purchaser got a free ride around the block in an army jeep car.

New Jersey credit union leaders discuss national defense. Credit unions must take their place in the defense program, says Milton Rygh, if they want to safeguard their future.



You Must Decide Our

CREDIT UNIONS' FUTURE

By MILTON RYGH
Assistant Director
Federal Credit Union Section

AFTER this war is over, after the the armies of the world demobilize, after we turn our minds again to pursuits of peace and tranquility—does anyone think we shall go back to the same world we left behind us? Will 10 percent of our people continue to live in slums? Will 45,000,000 of our people remain ill-nourished? Will 52 percent of our families live in below-decent standards of subsistence? Will 10,000,000 persons again tramp the streets unemployed? Will 5,000,000 criminals cost us 15 billion dollars annually?

No, we all know that out of this war must and will come a better way of living for our people, with freedom from poverty, want, and crime. Out of this war must come democracy in fact as well as in name—a democracy that detects and corrects the existing evils and weaknesses of the system. The democratic institutions which we cherish today must be utilized to the fullest to attain these ends. We can and must make democracy more effective in solving our social problems. Democratic responsibilities must be shouldered to make certain that

these goals are reached. In short, democratic peoples the world over are faced with two objectives. The first objective is that of removing the threats of Hitler and his war machine, and the second is that of making democracy more effective in meeting and serving the needs of the people.

"Hitler, the benefactor of mankind," was the surprising title of a recent editorial in a daily newspaper. Upon reading such a title I asked, as doubtless you would, "How can anyone call Hitler a benefactor of the human race? How could he and his Nazi legions, who have committed countless acts of terror and tramped freedom with an iron heel, bring any blessings to mankind?"

WELL, this editorial went on to answer these questions by explaining that, of course, Hitler of his own volition has no intention or desire to aid mankind. In fact, the entire philosophy back of his plans for world conquest and world enslavement is the antithesis of individual freedom and democracy in government.

"But, nevertheless," the article continued, "Hitler has made millions of enslaved people hope and pray for their liberation. He has caused other millions who accept freedom without

thought to think seriously and deeply about their privileges and their responsibilities under the democratic form of government. It is in Hitler's avowed opposition to democracy that the possibilities of his being a benefactor of mankind lie."

Whether or not we agree with the writer of this editorial, we do know that here in America millions of our citizens who before unthinkingly accepted democracy as a birthright are now becoming gravely concerned over the defense of our freedoms. We know also that the clatter and destruction of Hitler's war machine have aroused free people the world over. The conquered cry out for freedom and earnestly pray for their deliverance. Those who still enjoy the rights and privileges of democracy are united in their determination not to fall victims to a like fate. All in all, we in America know that individual freedom and the democratic form of government are now more genuinely appreciated by more people on earth than ever before in history.

The world today moves swiftly. Never before have changes affecting all peoples been so rapid or so widespread. History, which is in reality merely a story of change, seems to have been stepped up by the same mechanical forces which make our

daily lives so hurried, so nerve-racking. And today's changes are as wide in their scope as they are rapid in their occurrence.

Before Hitler's rise to power and during the early stages of his aggressions in Europe, we in America, like the democratic peoples in Europe itself, were asleep to these changes. But gradually, as nation after nation fell before the German juggernaut, we realized that the world was undergoing rapid and significant geographical changes. We saw the map of Europe remade in a few short months as Poland, Czechoslovakia, Denmark, Belgium, Norway, France, Greece and other countries become unwilling parts of the German Reich, puppets in a "New Order of Europe" under Hitler's domination.

With these geographical changes, we gradually were also awakened to the stark realization that ours was a world undergoing equally drastic and rapid political changes. Freedom under democratic forms of government gave way to oppression under dictatorships. Laws evolved through the deliberations of the people's representatives were cast aside, and edicts from the lips of the secret police were substituted. Firing squads took the places of courts of justice. Equal rights were replaced by ruthless dictated persecution.

WORLD changes of today, however, are not confined merely to the political or geographic fields. There is yet another kind of change which is world-wide in its scope, and that is the social change which is affecting all peoples in all countries. This social change, or social revolution as it might be called, is now in progress and is probably the most significant of the world changes which engulf those of us connected with the credit union movement.

To democracies the social change means that government must not only be more closely responsive to the desires of the people. It must also afford greater opportunities to the people. It must be a democracy in fact as well as in name and form. It is not sufficient for us to talk about the blessings of democracy—we must see to it that these blessings actually reach the people.

Hitler's aggression and his threat to our way of living have made us think about our democracy and about our way of life. Our normal habits of uniformity have been jarred into thoughtful action. Ordinarily, most of us do not think seriously except in times of emergency. We tend to wear the same type of clothes, we eat the same advertised breakfast foods, we

drive the same cars, we read the same comic strips, we see the same motion pictures and listen to the same radio programs.

But today it is different. Thousands of people are thinking seriously of life and of our social adjustments that will come after the war is over. It is significant to note that the sale of fiction books fell off 50 per cent during the past year while the sale of Bibles increased 2,500,000. It is apparent that many people are taking life quite seriously.

In our world of social change, many prominent people in private and in public life feel that the cooperative way of doing things may be an answer. Thoughtful persons believe that in the social order after the war greater emphasis will be placed upon a cooperative solution of our problems, with service as a more definite motive and distribution of benefits to the many as the desired result.

To credit unions, which already represent an advanced social idea, this promises a prominent role in American life after the war. It promises a prominent post-war role, provided the leaders of individual credit unions and of the credit union movement make the right decision now.

What is the right decision? Frankly, the question to be answered is this: "Are credit unions going to assume a vigorous, enthusiastic role in the defense efforts of the nation?" Are they going to qualify as issuing agents of the Treasury Department for the sale of United States Defense Savings Bonds? Are credit unions going to accept willingly Regulation W and other such curtailments as may be necessary for our national defense efforts?



On sale at your Post Office
or Credit Union

Today, service is more than a watchword of credit unions. Service has become the watchword of America itself. Defense of our democracy and its institutions calls for new and greater service on the part of each and every one of us. The service which we, as patriotic citizens and as credit union members, should make, will call for self-sacrifices in the interests of our fellowmen and in the interests of others who share our firm belief in democracy.

IF credit unions do accept the challenges and the responsibilities offered to them today, they will play their rightful, conspicuous part in our national life. Through taking a prominent place in our financial structure, they will lay a solid financial structure, greater progress when the war finally ends. Public respect and recognition of their service to the nation in the present days of peril will strengthen and further the development of credit unions in the future. On the other hand, if credit unions fail to do their part, they may be headed for obscurity and the credit union movement may become the forgotten movement of World War II.

For many years we have been saying that the credit union movement is one of the strongholds of freedom, that it is typical of our democratic institutions. We have also been saying a great deal about its sacrifices and its unselfish services. Now is the time for us to prove that we mean what we have been saying by enlisting in the defense of America through selling Defense Savings Bonds, selling Defense Savings Stamps and investing our surplus funds in Defense Savings Bonds.

By our actions let us prove that we present a united and solid front against the threats of Hitler and his legions of war, a front backed by an adequate defense and an unbending determination to preserve our American way of life.

If credit unions now assume an active part in our national defense efforts in the same effective way they have assumed an active part in solving the thrift and credit problems of their members, they will be certain of assuming an active, important role in the America of post-war days. Through service to the nation they will build strong foundations that will insure a greater credit union movement of the future, a movement which will bring significant social benefits to millions of America's working people. The future of the credit union movement will be determined by the decision you make now.

Credit Union Bond Sales

A BRIDGE poll of 123 credit unions shows over a million dollars worth of Defense Bonds handled

CREDIT unions are really pulling their weight in the national defense program, judging by answers received by THE BRIDGE to a questionnaire sent to 300 credit unions listed as issuing agents for Defense Bonds. Not all credit unions are licensed yet to take part in this activity, but those that are have accounted for sales of more than six dollars per member thus far. This despite the fact that fully half of those licensed seem to have received their licenses after August 1. When the way is cleared for all credit unions to handle the bonds—as it promises to be in the future—credit unions will be able to take a place in the forefront of the defense program.

Of the 300 credit unions covered in THE BRIDGE survey, answers came from 132 in less than two weeks. Nine reported no activity in bond sales.

One hundred and twenty-three reported that they are actively selling bonds and stamps. These 123 have sold \$612,021 of bonds to their members and others; they have invested \$578,163 of credit union funds in Defense Bonds. This makes a total of \$1,190,184 of credit union money gone toward American defense from a sample of 123 groups. It means that the members of the average licensed credit union have bought \$5,017 worth of bonds for an average of \$6.37 per member. It means that the average licensed credit union has invested \$5,454 of its assets in Defense Bonds.

These reports cover, of course, only 123 credit unions, accounting for only 96,893 out of the nation's 3½ million credit union members.

The time that these credit unions have had to accomplish their substantial record has been short. The reports show that they all began their activities in the last six months:

May—23
June—15
July—14
August—25
September—23
October—16

The reports come from twenty-three States: California, Connecticut, Dis-

trict of Columbia, Florida, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Missouri, Nebraska, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington.

The methods these credit unions are using to promote the sale of Defense Bonds to their members are not often unusual. Posters are being used by 110; 107 report that they talk it over with individual members; 60 publish articles about the bonds in their credit union bulletins. It is the exceptional credit union that works out a stunt of some kind such as the Esso Marketers promotion pictured on page 277 of this issue.

BUT 22 use membership meetings; 9 distribute circulars, folders, pamphlets; 5 are circulating pledge cards; 6 are supported by articles in the employer's house organ; 4 are supported by other company activities; in 2, officers and collectors act as solicitors; one uses letters to members; one has used radio; one contacts other credit unions not licensed to sell bonds; one uses newspaper publicity; one puts advertising slips in passbooks; one visits other organizations; one reports making "pointed remarks on paychecks."

In reply to the question "Do you sell to others besides members?" the answer is no for 13, yes for 110 (including those who report "not yet but will").

The question "Do you encourage members to borrow the price of a bond?" drew 83 no's, 37 yesses, 1 "we will after January 1" and 3 took pains to explain that they neither encourage nor discourage the practice. It should be noted that sales of stamps in many cases serve the same purpose as lending the price of a bond.

In reply to the question "Do your members use payroll deduction for this purpose?" 34 answered yes, 89 answered no.

Asked "Do you find your members' interest in Defense Bonds increasing or decreasing?" 91 reported an increase, 14 a decrease and 15 said there

was no change that they could detect.

Interesting replies were produced by the question, "Are you satisfied with this activity or are you having trouble with it?" Those who declared themselves satisfied numbered 74; they made such comments as, "Perfectly satisfied—how could you have trouble?" and "Glad to be doing something for Uncle Sam." Twenty-eight, however, declared that they were not satisfied. About 5 of these apparently were dissatisfied because of extra work involved; the rest felt that their membership had not bought as many bonds as might have been hoped for. One remarks, "Would help if Federal Reserve Bank would accept our checks in payment instead of having to get a bank draft." Another says, "Do not have enough bonds on hand as too much collateral is required." The attitude of many of those who say they are dissatisfied is well reflected in the comment of one—"We are having some trouble getting 'a bond to each member.'"

Other comments:

"I believe every credit union should do its best to promote the sale of bonds, thereby serving the Government in time of need and justifying the existence of the credit union movement."

"As the public becomes informed, they will buy more. The negotiability and established market price will make a big market as the facts become understood. There is talk by people who took a loss on Liberty Bonds which will be overcome." (Apparently "negotiability" here is a reference to redemption value.)

"For the record, we have strenuously protested the use of the new form of bond with the cardboard duplicate and triplicate tacked to the bond. It is very cumbersome and requires much more time and effort to make legible copies. We have some difficulty in obtaining prompt delivery of re-orders through the Federal Reserve Bank."

"We are urging 'Buy a bond a month and have a monthly annuity after ten years.'"

"We expect to pay all dividends in cash this year with the recommendation that dividends received be used to purchase Defense Bonds or Stamps."

"Suggesting Defense Bonds as Christmas presents."

"I contemplate putting up an electric sign to tell the story to the people passing."

"We are going to contact representatives of the company for public sale."

(Continued on page 290)

from the

Managing Director

By Roy F. Bergengren

RING out, ye bells!
Proclaim glad tidings!
Peace on Earth—Goodwill to Man!

Merry Christmas!

Silly—isn't it? Or—is it?

I have rewritten this a dozen times at least trying to answer this question to my own reasonable satisfaction.

Let's see if we can work it out. Too often we celebrate holidays without giving much thought to their origin. Most of our holidays are birthdays—of men or of ideas. Columbus discovered America, a rather important circumstance for most Americans, and so we keep his birthday alive. We take a holiday on February 22 because we would celebrate for all time the birthday of the immortal Washington. Lincoln saved the Union, and his birthday is marked on all calendars. July 4th is the birthday of an idea.

What about Christmas?

If we can get an appreciation of the purpose of the holiday, possibly we can find cause to celebrate it, war or no war.

Christmas is a birthday.

It is the birthday of a Man who had an ideal which seems, at the moment, more and more unattainable. He personified brotherhood and love and peace. In a world almost literally in flames, how can we celebrate His birthday? By appreciating frankly that the world is in flames because we have paid no heed to His idealism.

To establish an ideal is a long, slow job. It calls for infinite patience. We know that in the credit union. The world is young. Taking a look at eternity and trying to comprehend it, what's a couple of thousand years! Lincoln said that the forefathers knew that all men are not created equal. They were establishing a goal, he said, towards which succeeding generations of Americans should ceaselessly strive. He guided us on a giant's stride towards it. Who are we to be discouraged that we have not made the final objective yet and that we move so very slowly towards it?

I get encouragement out of the fact that there is much of the spirit of the Man, whose birthday is Christmas, in our own humble institution. We believe that man is his brother's keeper. If we didn't believe that, our credit unions would make no loans. I can

show you thousands of devoted credit union officers who are trying to make the credit union spell brotherhood in service to their members.

It isn't silly—not by a long shot!

I haven't much theological background, but it has always seemed to me that the men and women of Christ's day got crossed up in their conceptions of miracles. They wanted a King who would use his miracles to smite their enemies and to assure a bigger and better free distribution of loaves and fishes to the faithful. They couldn't understand brotherhood any more than we can. But the fact that we can't get it, after two thousand years, doesn't prove that Christ was wrong about it.

POSSIBLY the primary purpose of war is to make people worthy of peace by first making them appreciate peace. Possibly the very special lesson of this war for America is that we mustn't run away from the responsibilities of peace after the war is over. Possibly we haven't been doing such a particularly good job, running the world, and it may even be that we have got to go way back to the beginning

and start over. But it is the drowning man who is in the best possible spot to realize the substantial blessings of the good, firm earth. It is the freezing man who says "Thank God" when he is warmed again. The hungry man, with a real meal under his belt at last, may possibly appreciate the bountiful harvest. So we have got to find out about the brotherhood of man by proving, possibly, what a mess we make of things when we leave brotherhood out.

Truth is no less the Truth because falsehood has, for the moment, the most tanks. Honor is still honor even if conquest is made easier by the violation of treaties.

The stars cannot be bombed out of the sky.

Santa Claus still lives and he works quietly in a lovely workshop, far beyond the range of the most powerful bombing planes. For Santa Claus is a part of the birthday. He is love and generosity and kindness and thoughtful charity—all rolled into one in you, emphasized at Christmas time.

And Christmas will mean as much as ever to little Bill and to sister Barbara. They didn't start the war. Christmas is for them and they are for Christmas. And there is always the chance—everywhere, every Christmas—of capturing its joy by bringing its spirit to others within reach.

So it's a Merry Christmas even though it must be a brave Christmas. My most devout wish is that Santa Claus may bring to your stocking every good and perfect gift.



First Volunteer Organizers Club in Memphis—A group of Tennessee credit unionists get together to spread credit unionism. Seated in the first row are Marie Anderson, Bess Panish, Sidney Paine, Mary Ussery, Sally Petterson; second row—George McManara, C. Y. Brock, H. R. Hood (Tennessee Managing Director), M. A. Stepherson, Jr. The speaker at this session is S. B. Newcomb, president of the Memphis Chapter, and the chairman is Charles F. Eikel, Jr., CUNA field man, who gave the course.

You are invited to submit questions on any credit union problems and also to write your frank opinion of answers published here, whether favorable or not.

WHAT ABOUT IT?

By TOM DOIG

1. QUESTION. We are surprised to know a borrower will be unable at any future date to liquidate his loan before maturity date, since Regulation W provides that it must be repaid in not to exceed eighteen equal monthly instalments. Is this the true meaning of the regulation?

ANSWER. There is nothing in Regulation W to prevent a borrower from paying his loan in full at any time he desires. The clause providing that loans must be repaid in equal instalments simply means that a credit union may not accept notes with instalment payments for seventeen months and then a large amount becoming due during the eighteenth month, which it is anticipated will be renewed. The terms of the note must be so drawn that it will be repaid in not to exceed eighteen equal monthly instalments. However, after the member has received his money, if at the end of nine months he wishes to pay up the balance of his loan he is free to do so, and this would be entirely in accord with the regulation.

2. QUESTION. In connection with Federal Reserve Board's regulations covering instalment purchases, please furnish your opinion on the following case:

A member of our credit union has \$300.00 on deposit in shares. He desires to purchase a new automobile the total delivered price of which is \$900.00, and would like to finance it through the credit union. Rather than to withdraw his \$300.00 and borrow \$600.00, this member wants to leave his shares of \$300.00 in the credit union and borrow \$900.00. In loaning the \$900.00 are we correct in the assumption that since he is in effect borrowing \$300.00 of his own money, the down payment requirement would be met?

We will appreciate having your opinion regarding this type of situation at an early date.

ANSWER. In order to meet the requirements of the regulation it

will be necessary for the member of your credit union to withdraw \$300 from his share account and use it as a down payment on the car. The simple fact that a man has the amount of the required down payment in his share account will not suffice.

3. QUESTION. In the case of a party who has a sufficient number of shares to be used as collateral for a loan in connection with a hospital and doctor bill and does not desire to withdraw the money saved, would the new Federal ruling prevent us from meeting his application?

ANSWER. The regulation provides that if you accept a statement from the borrower to the effect that (1) the proceeds of the loan are to be used to pay medical, hospital, dental or funeral expenses, and (2) the income of the borrower is such that he could not reasonably repay the loan within eighteen months and failure to receive the loan would work undue hardship upon him, then the loan is entirely outside the regulation and may be made for any period of time you desire.

4. QUESTION. In a case where an applicant would apply for a loan to consolidate his outstanding obligations such as doctor, dentist, hospital, groceries, coal, etc., would we have to limit the number of months for which it may be outstanding and minimum charges that apply under the new ruling?

ANSWER. You ask whether a loan which is being made to consolidate outstanding obligations would be limited as to number of months and minimum charges. This loan may be made only for a period of eighteen months, but no minimum charges need be considered in any manner. The fact is that all loans must be repaid in eighteen months except those which are exempted from the regulation, and these I listed under paragraph 4 of my letter of August 28. The loan about which you speak is affected by the regulation only in that its term is restricted to eighteen months.

5. QUESTION. If an automobile costs \$500.00 and an allowance for a trade-in amounts to \$100.00, the balance due on the transaction is \$400.00. Are we permitted to lend 66⅔% of \$500.00 or does this percentage apply to the \$400.00?

ANSWER. Under these circumstances, you would be permitted to lend 66⅔% of the \$500. In other words, you can lend two-thirds of the actual price of the car and the trade-in can cover either part or all of the balance of one-third.

6. QUESTION. I recently received instructions from Washington that the amount of overdue loans required for the new delinquent loan reserve must be taken from the undivided profits account. This would just about cut our dividend in half despite the fact that our present reserve for bad loans is double the amount of our outstanding delinquent loans. The chief debt standing in the way is an overdue loan of \$315 and about \$75 interest, on which two of the signers have been through bankruptcy, and which the user of the money is now repaying in small instalments. The loan is dated more than three years ago, and no payments were made on it until last month for three years. Is there anything we can do to keep this loan from upsetting our annual dividend?

ANSWER. I have in hand a copy of the September-October 1941 issue of "Cooperative Saving," which on page 9 sets forth certain information with regard to the special reserve requirements now in effect for Federal credit unions. I presume that you have read this article over carefully and possibly information which you have received from the Federal Credit Union Section and which I do not have.

I note that on loans which are more than two and less than six months delinquent, it is necessary to set up a special reserve of 10 per cent of the amount of the unpaid balances of all such loans, and that on loans which are more than six months and less than twelve months delinquent it is

necessary to set up a reserve of 25 per cent of the outstanding balances, and so on. However, after determining the exact amount to be set up in this special reserve, it is permissible for the credit union to deduct from that amount the total of its present reserve fund which helps considerably to alleviate the credit union's difficulties. I presume, however, that you have taken all these factors into account.

If it is true that the reserve in your credit union is double the amount of outstanding balances on loans which are delinquent, then it is not necessary to set up any special reserve, but it is necessary to take into account the entire unpaid balance of any loan which is delinquent.

On loans which are long delinquent, such as the one amounting to \$300 which you mention, it might just be possible for you to renew that loan, which would wipe out the delinquency. Bear in mind that so far Regulation W is concerned a loan extended previous to September 1st may be renewed once for any number of months so long as no new money is advanced. It seems to me that your only out would be to get some of your delinquent borrowers in and have them make out new loans which would give them a fresh start on life and relieve you of responsibility for the special reserve on delinquencies. This is the only method I know of by which you can avoid setting up the required reserve. I would appreciate your advising me whether any of these suggestions prove useful.

7. QUESTION. With reference to Consumers Credit—Regulation W. We notice in your letter of explanation under Sec. 4-J that loans repaid in one lump sum are not subject to the regulation. Does that mean we could loan, say, \$100.00, either secured or unsecured, payable in six months or a year, and not be covered by regulation, regardless of what they were going to use the money for? In a lot of our cases, the employees borrow money to pay up small bills.

ANSWER. You are right; loans repaid in one lump sum, regardless of how they are secured or for what purpose made, may be made for any length of time the credit union desires and are not in any way subject to the regulation.

8. QUESTION. At the regular monthly meeting of our board of directors which was held September 10,

1941, there was considerable discussion relative to the new rules and regulations that the government had enacted pertaining to consumer credit, and also the ruling regarding aliens who have memberships in the credit union, and what effect it would have on our small credit union, if any.

Having just returned from my vacation I had not seen any of the literature sent out by the various credit union agencies until our monthly meeting, some of which I find hard to digest. Could you help me out?

Approximately 95 per cent of our loans have been made for provident purposes. That is to pay doctors' bills, purchasing a small piece of real estate, repairs on home, real estate taxes, income taxes, excise taxes, to business men when their accounts are slow, family wine supply, preserve a checking account, etc.; all of the above loans are made to a member with two co-signers for a period of not more than one year, but if a loan is large enough (\$500.00 our limit), the right to renew note at end of year. We do not accept any article as security other than a member's own share holdings.

Can we continue to do this, or must we limit our loans to not over an eighteen months' period? Must we have borrower file with his application a written statement for loans which are to be used for medical, hospital, dental or funeral expenses, if the repayment limit is eighteen months, or should we, to be on the safe side, require a written statement from every borrower?

In the case of a delinquent who has been in default beyond the eighteen month period, can we renew note if member desires to do so without a lot of red tape?

ANSWER. It is our job to help you understand the regulation, and I therefore hope very much that you will continue to write us whenever you find anything which puzzles you.

Loans which were outstanding in your credit union previous to September 1st may be revised once (without giving the borrower additional cash) so as to extend the terms of repayment of those loans for any period which your credit union may see fit. It is important to note that this may be done only once, and that thereafter any additional renewals must be for a period not to exceed fifteen months. The following loans are exempt from the regulation entirely: (1) First mortgage loans duly recorded; (2) Loans for educational purposes; (3) Loans of over \$1,500 when not

secured by a listed article; (4) Loans repaid in one lump sum.

In addition to the above, loans for the purpose of paying medical, dental, hospital, or funeral expenses are entirely exempt from the regulation, provided the borrower furnishes a statement indicating that his funds available for paying for these services are not sufficient and that it would work a hardship upon him to repay the loan in accordance with the regulation.

All loans other than those listed above are subject to the regulation insofar as the term of eighteen months is concerned. In other words, the term of all other notes held by the credit union must require repayment within eighteen months and repayment must be in approximately equal instalments. Balloon notes are not permissible.

In case a loan becomes delinquent the credit union may (after having made a bona fide effort to collect in accordance with the terms of the note) arrange with the borrower for repayment of the balance of the loan on whatever terms are deemed necessary to the safety of the funds of the credit union.

9. QUESTION. We are about to lose a certain amount of loan business unless we can make concessions to a number of our members, who want to install stokers or heating equipment in their homes but do not want to start payments on them until October 1.

The finance company rates compare favorably with ours on a competitive basis, but our treasurer disagrees with us when we want to extend or postpone the first payment. He contends that we will be showing partiality, which may be true, but at the same time we have money which could be working and is lying idle.

What is your opinion on the matter of extending or postponing the initial payment for 30 to 60 days without interest?

ANSWER. I can see no reason at all why a credit union should refuse to make an otherwise good loan to a member and postpone his initial payment three or four months. On the other hand, I have never heard of a case where a credit union made a loan to a member, turning the money out of the credit union and actually turning it over to the member for his use, and eliminated interest on the money for a period after the member had received the loan.

(Continued on page 290)



LOUIS BRANDEIS

*Savings bank life insurance
and credit unions were
only two of his many interests*

LOUIS D. Brandeis lived in a plainly-furnished old-fashioned apartment in Washington. The meals served were simple; frequently there was no cloth on the table. Despite his high position in Washington as an Associate Justice of the Supreme Court, he seldom accepted dinner invitations, even when they came from the White House. He went to bed shortly after nine and was usually up and working by six in the morning. A Supreme Court Justice is paid \$20,000 a year; Brandeis gave away a large part of his salary. He spent his summers quietly on Cape Cod; he did not own an automobile.

He once said, "I have only one life, and it's short enough. Why waste it on things I don't want most? And I don't want money or property most. I want to be free."

He wanted to be free for a purpose—to think and to work. When he died this September, the cause of democratic finance lost one of its most active partisans. Brandeis sponsored savings banks life insurance in Massachusetts in 1905, and his book *Other People's Money*, published in 1913, closes with two hopeful pages on the growth of credit unions in Quebec and New England. To this book, several credit unions owe their existence.

There are people who believe in democracy because they believe in the brotherhood of man. They look toward a day of perfect peace, when human motives will change and human aggressiveness will be ruled by reason.

Brandeis held no such views. He saw no end to conflict. He was a democrat; he believed democratic capitalism could be made to work, but only at the cost of struggle. He did not think that

the need for struggle would ever slacken. The prospect did not dismay him: he liked a fight.

It wasn't that he liked the noise and excitement. He was a quiet man with a passion for facts and a tight grip on his emotions. But he believed that human dignity means fighting for your convictions; he believed that only through conflict are responsibility and resourcefulness developed. "There is something better than peace," he once said, "and that is the peace that is won by struggle." He believed that a democracy is only as good as the people in it: responsible people, willing to think and act, make democracy work. Irresponsible people, unwilling to tackle their problems, follow the man who offers to think for them, and democracy loses by default.

He attacked tyranny wherever he saw it, in big business, in labor organizations and, late in his life, in the NRA. "The curse of bigness" was the phrase he used to characterize the dangers he saw in any form of unwieldy monopoly. Because he had given his energy to representing the interests of consumers, small investors and labor, because he had attacked questionable practices in life insurance and railroad operations, his appointment to the Supreme Court in 1916 met with violent resistance. As so often happens, he was called a dangerous radical. It was clear, however, that the accusation was a smoke-screen. The *Chicago Tribune* published evidence showing that every active member of the opposition was working off a grudge, and the appointment was approved.

HE was, of course, not a dangerous radical; he respected the profit motive and wanted to give it a chance to work. He took his stand against bigness because it was his experience that a big inefficient corporation could crush a small efficient one. He was a type rare among liberals: he had no fixed class allegiance, and he said, "We gain nothing by exchanging the tyranny of capital for the tyranny of

labor." His liberalism was a liberalism of principle.

Brandeis' influence on the thinking of other men was considerable. All his life he was a teacher. Lawyers, business men, social workers and scholars visited him in his home; he tried to pass on his point of view and to encourage others to apply their ingenuity to social problems. "We are just at the beginning of our social attainments," he told them. "When men begin to think as hard, as intensely, about their social problems as they have thought about automobiles, aeroplanes and wireless telegraphy, nothing will be socially impossible. Many things which have seemed inevitable will be seen to have been quite unnecessary." This point of view has left an impression in certain aspects of the New Deal.

What makes a man liberal or conservative is always an interesting question. In Brandeis' case you can point to certain obvious facts. His parents fled Germany in 1848 when militarist reaction was driving out thousands of peace-loving citizens. Four years after Louis Brandeis was born, an uncle on his mother's side helped nominate Lincoln for the presidency.

Brandeis was an intelligent but not a bookish boy. He had the normal boyish urge to get into mischief: according to one story told of him, he and his brother liked to set up a straw man in a neighbor's front door, knock and run. Once a maid answered the door and, when the straw man toppled in toward her, she fainted. The boys hastily hid and escaped the indignation of the maid's employer, who appeared with a shot-gun.

Brandeis was a belligerent boy. The older boys in the gang used to egg him on when a new boy appeared in the neighborhood, especially a new boy who was sissy enough to wear shoes in summer. The spunky child got into many fights promoted for him by others.

When he reached his teens, he was sent to school in Dresden, Germany.

One night he was out late; coming back to the dormitory and finding it locked, he whistled for his roommate, who got up and let him in. Next morning the school authorities reprimanded young Brandeis for whistling. The reproof set him on fire; he wanted no part of a country where it was improper to whistle. The freedom of the States was in his blood, and he decided then and there to return.

He took a law course at Harvard. To get through law school, he had to borrow money from his brother; he earned money tutoring and in various ways. When he graduated, he paid back his brother and had money in the bank.

AFTER a year of legal practice in St. Louis, he returned to Boston and was soon on his way to being a highly successful corporation lawyer. Among his clients was the United Shoe Machinery Company, for whom he devised a marketing plan that brought the company great notoriety. It was a licensing system, by which shoe manufacturers using the company's equipment were permitted to use no other manufacturer's machines. United's machines were not sold but rented and were subject to recall on thirty-days notice, leaving the small shoe manufacturer at the mercy of the big company.

In time Brandeis saw the evil social effects of this plan. A law was passed in Massachusetts forbidding such licensing schemes, and Brandeis represented a group of small shoe manufacturers in a suit against United Shoe Machinery. It was not, he held, beneficial competition but a device which made it possible to crush a small, though otherwise efficient, competitor.

Somewhere along the line Brandeis' point of view had changed. He left Harvard Law School in 1877; in a few years he had a remunerative corporation practice; in 1899 he helped draft the United Shoe Machinery licensing system. But when he married in 1891 he told his wife that he wanted to live simply and give more of his time to the social issues in which he was interested.

Later he said that the event that caused his change in direction was the Homestead Strike in 1892. This strike of steelworkers at the old Carnegie plant was the first strike in the United States in which an employer hired armed guards and workers were killed. Whether it was the mere fact of bloodshed that jarred him does not appear. Certainly, the bitterness of the conflict and the resulting social waste were things his logical mind could seize.

That there was a loss of efficiency and social value in industry's relations with labor he quickly discovered. "Take unemployment," he once said. "I first saw unemployment in the case of a New England shoe manufacturer whose men were going on strike. I had been called in. The more I studied it, the more it seemed to me absurd that men willing to work should have to be idle during ten or fifteen weeks of each year. I said, 'This is unnecessary. It is an outrage that in an intelligent society a great industry should be so managed.' They talked to me of seasonal conditions and of averages. I abhor averages. I like the individual case. A man may have six meals one day and none the next, making an average of three a day, but that is not a good way to live. Unemployment in this industry was all the less excusable because of the fact that neither the raw material nor the finished product was perishable. My client was a man of unusual ability. He inclined his thoughts to solve the problem, and it was solved. The disgrace of unemployment in his share of the industry was solved."

Size, too, he thought, often made for inefficiency and social waste. He said, "For every business concern there must be a limit of greatest efficiency. What that limit is differs under varying conditions; but it is clear that an organization may be too large for efficient and economical management, just as it may be too small. The disadvantages attendant upon size may outweigh the advantages."

"Man's works," he said, "have in many instances outrun the capacity of the individual man. For no matter how good the organization, the capacity of an individual man must ordinarily determine the success of a particular enterprise, not only financially to the owners, but in service to the community. Organization can do much to make possible larger efficient units; but organization can never be a substitute for initiative and for judgment. These must be supplied by the chief executive officers, and nature sets a limit to their possible accomplishments."

SERVICE to the community, then, was the standard by which he judged. He had no objection to a corporation making a fair profit, and he had no objection to an executive being paid a high salary. But he insisted that profits and high salary be earned by service to the community; he insisted that the rewards go to efficiency in management rather than to the brute power that crushes out competition.

He saw that the problems of industry were complicated, and he believed that the interests of employer, employee and public all demanded consideration. "We Americans," he said, "are committed not only to social justice in the sense of avoiding things which bring suffering and harm, like unjust distribution of wealth; but we are committed primarily to democracy. And therefore the end for which we must strive is the attainment of rule by the people, and that involves industrial democracy as well as political democracy. That means that the problems of a trade should no longer be the problems of the employer alone. The problems of his business, and it is not the employer's business alone, are the problems of all in it. The union cannot shift upon the employer the responsibility for conditions, nor can the employer insist upon determining, according to his will, the conditions which shall exist."

He urged the invention of social devices to promote understanding and cooperation between capital and labor; he assisted in the formation of a conference-system between dress manufacturers and representatives of the International Ladies Garment Workers Union. He suggested social inventions to promote efficient competition; he projected savings bank life insurance as a device to force down rates to a fair level. He saw co-operatives and credit unions as forms of competition to establish standards of fair prices and honest service.

BUT most of all he was interested in human character. "However much," he said, "we may desire material improvement and must desire it for the comfort of the individual, the United States is a democracy, and we must have, above all things, men. It is the development of manhood to which any industrial and social program must be directed."

"The great developer," he said, "is responsibility. Hence no remedy can be helpful which does not devolve upon the workers' participation in responsibility for the conduct of business; and their aim should be the eventual assumption of full responsibility—as in cooperative enterprises."

"Remember," he said, "that progress is necessarily slow; that remedies are necessarily tentative; that because of existing conditions there must be much and constant inquiry into facts and much experimentation; and that always and everywhere the intellectual, moral and spiritual development of those concerned will remain the main factor in real betterment."

Cuna Mutual

*Pays a Credit Union
Claim Every 28 Minutes*

IN a recent month 350 claims totalling \$57,259.13 were paid to 257 credit unions throughout the country on accounts of disabled and deceased borrowing members.

350 bereaved families received canceled notes marked "PAID IN FULL", thereby releasing co-makers and collateral of all liability.

The AA Plan of Loan Protection insures all borrowers against Death and Total and Permanent Disability.

Are you providing your members with this essential Credit Union service?

Write today for full information

**CUNA Mutual Insurance
Society**

Madison

Wisconsin

What About It?

(Continued from page 287)

That would, it seems to me, constitute discrimination against the other borrowers and would establish precedents which you might find very uncomfortable later on. In other words, if you made me a loan under those conditions, several months from now John Smith might wish a loan which he wanted to get without interest for a period of months, and it would be very difficult to turn him down on the terms indicated in your letter. On the other hand, as noted, I think the credit union might make these loans and not require that any payments be made for several months after which time, however, the borrower would owe interest on the money from the time he got it.

10. QUESTION. Will Regulation W affect our making a loan for longer than eighteen months to a member who has given his share account as collateral?

ANSWER. Yes, all loans (except those specifically exempted in the regulation) are limited to a period of eighteen months, regardless of what type of collateral secures the loan.

Bond Sales

(Continued from page 280)

"I believe that a bulletin or some kind of leaflet printed by CUNA or the State League and sent out by the educational committee of every credit union licensed to sell, would increase the sale of bonds."

"In the daily papers are printed reports of sales by the banks. Why not print the sales of credit unions? Also radio publicity would help."

"I think it a very good thing to sell bonds for several reasons. It takes up some of the surplus that the credit union would otherwise have on hand."

"We think it would be a very good thing if the sale of bonds by credit union could be advertised on the radio."

In a word, credit unions are generally strongly behind the sale of Defense Bonds and eager to find ways to promote sales. They have some criticisms to make of the mechanical routine involved, but these criticisms seem to spring from impatience to see sales flow smoothly and in increasing volume. Since this survey was made at a time when credit unions are adjusting their operations to Federal restrictions on consumer credit, the interest shown in Defense Bonds is all the more significant.

How To Save Money On Your Refrigerator

THE rules for conserving refrigerating power are simple and easy to follow, but there are a number of them. If consumers will follow all of these rules, they will cut down their electric bills. And in those areas where power shortages threaten, they will not only save their own purchasing power but will help to produce aluminum and other strategic materials.

Many of these rules consumers probably already know. Their own common sense has dictated them. Others can be found in the manufacturers' manuals on the care and operation of the refrigerator which are given to every purchaser when he buys his box. But CONSUMER PRICES has brought them all together here with an explanation of the "why" behind them, so that the list can help you save the nation's supply of power and your own pocketbook.

1. Don't open your refrigerator any oftener or any longer than is actually necessary.

When the door of the cabinet is open, obviously, as the cold air spills out, the warm air of the kitchen rushes in and electric power must be used to re-cool the box. It is a good practice to take out of the box all things needed for the preparation and serving of the meal at the same time. And after the meal, assemble all that must go back into the box before opening the door.

2. Don't put hot food or dishes in the refrigerator.

Let the left-over foods and the dishes they are in cool down to room temperature before putting them in the box.

3. Avoid quick freezing.

When you turn your temperature control to cold, or very cold, you are using much more power than when it is set on economy or at a point to give you normal freezing. Since quick freezing is needed only for frozen desserts and speedy ice making, you can best avoid quick freezing by conserving your ice and preparing other kinds of desserts.

When you take ice out of the tray be sure to refill the tray immediately so that you have a supply always on hand. And if you are going to use only part of the cubes from the tray, put the remainder in a bowl and put them back in the box to keep where they will be preserved longer and

help keep the box cool. Another good practice is to keep a bottle of water in the box and use it, rather than iced water, for drinking in hot weather.

4. Turn your control down to "economy," that is, to the lowest operating point, if you leave for a weekend.

Of course, if you can turn the refrigerator off entirely you will save even more power and if you are leaving for any length of time, that is a good thing to do.

There are a few refrigerators, however, which cannot just be turned off and let go for the whole of a vacation time. If, for example, your refrigerator is the kind with a belt driven machine it might develop a gas leak if it is left off. For this kind of refrigerator the best thing to do is to leave the box on at economy or to call a service man and have it drained before turning it off. (The gas that he will drain is not the gas you buy from a gas company, but a gas used by your refrigerator in its cooling process.)

For an absence of only a day or so, you will probably need refrigeration for such supplies as milk, cream, butter, eggs, etc. At "economy" the box will stay cold enough when you are away because it won't be opened and flooded with warm air.

BE SURE to leave the door of your refrigerator open after it is turned off. If you don't, it is likely to develop a very bad smell inside the box.

5. Defrost your refrigerator whenever the crust of frosty ice around the freezing unit at the top of the box gets one-quarter of an inch thick.

The unit that holds your ice trays contains the cooling coils and these are very important elements in keeping your refrigerator cold. When a heavy crust of ice covers them they cannot operate efficiently. Thus, even though that crust is ice, it acts as a barrier in the work of your refrigerating machine and actually makes it work harder to keep the box cold. Every time the machine works, it uses electric power.

6. See that your refrigerator is properly placed in your kitchen.



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"Consumer Prices"

Your refrigerator should be in the coolest part of the room away from your radiator, steam pipes, oven, or hot south or west sun. But even more important than that, it must be so placed that air circulates freely about it. It must not be flat against a wall, unless it has a guard at the back that allows free air circulation.

The refrigerator works by removing heat from the box. Unless that heat, and the heat generated by the electric machine at the bottom of the box, can escape freely into the room, the refrigerator stands constantly in a blanket of warm air. (In some models this unit may be at the top of the box, but wherever it is, it generates heat.)

The cost of moving your refrigerator if it is improperly placed in your kitchen depends, of course, on the space you have available. Perhaps all you will need will be an extension cord or new electric socket. In that case, the change would pay for itself many times over. Be sure that you consider conveniences as well as economy in such a move.

7. Keep your refrigerator clean—all of it.

Most people do regularly wash the inside of their boxes but many forget to keep the coils in the ice unit clean, and still more forget to clean out the coils connected with the electric machine described above. These latter coils must be cleaned of dust and dirt at least two or three times a year. If they are allowed to gather a covering of dirt, this covering keeps them hot. Your refrigerating machine then works harder, and makes the air around the box hot, and so on.

When you clean the inside of your box—and the time of defrosting is a good time to do that—be sure to wipe off the coils inside the ice-tray units as well as the sides of the box.

To clean the inside of your box, wash it with water in which you have dissolved washing soda. About a tablespoon of soda to a dishpan of water is enough.

To clean the coils outside the cold box use a stiff brush or the suction hose on your vacuum cleaner.

8. If your refrigerator machine runs noticeably more than it did when it was new, have a service man check up on it.

This presupposes, of course, that it is running more than it should after you have defrosted and properly cleaned it.

It may need minor repairs, or it may be that the insulating material



in the box has deteriorated. In some of the refrigerators manufactured before 1936, the insulation material was not sealed to keep out moisture during the hot weather months. In northern sections of the country, the insulation has a chance to dry out during the months of cooler, drier weather. But in some southern sections the insulation on poorly sealed boxes wears out.

It is possible to have boxes re-insulated and properly sealed. Now that refrigerators use strategic materials in their manufacture, it is advisable to save both your own income and National Defense supplies by fixing up the old box so that it will operate efficiently.

9. Keep your box at the proper temperature.

The milk compartment, right next to the ice tray unit—should be kept from 40 to 45 degrees. Your refrigerator manual will probably tell you where your control dial should be set to maintain that temperature. If you've lost your manual or are in doubt about the temperature, get a refrigerator thermometer from the hardware or dime store and test your box for yourself. If the milk compartment is below 40 degrees you are keeping your box too cold. If it is above 45 degrees you aren't getting proper refrigeration.

10. Don't pack your refrigerator full of food, packages, and cans.

FREE circulation inside the box is very important to adequate refrigeration. Don't make a pantry out of your refrigerator. Everything you put in it takes electric power to cool.

It is good practice to remove tops of vegetables before putting them in the refrigerator to keep. Also be sure to remove all paper wrappings and bags. When you are putting away left-over foods, put them in the smallest possible dishes. It takes electric power to cool down bowls, pans and containers as well as food.

Don't keep canned goods in the ice box unless you want them chilled for serving. It is not necessary to keep all fruits in the refrigerator. Bananas, unless they are ripe to the point of being over-ripe, should never be refrigerated. You may want to chill your oranges overnight for breakfast. If you do, place in the refrigerator only the number you are going to use the next morning.

Never put liquids or moist foods in the box without covering them. The refrigerator will evaporate them and the moisture will freeze into an ice covering over the refrigerating coils in the unit at the top of the box.

If you use vacuum pack coffee,

however, it is a good idea to keep it covered in its tin in the refrigerator; the cold prevents the coffee flavor from evaporating.

11. Be sure that the outside door, hinges, and door catch work properly.

The rubber gasket which fits around the outside of the door serves to keep the box air tight. Inspect it every now and then to see that it is doing its

job. To test the gasket, lay a slip of paper on the edge of the rubber and close the door. If the paper can be easily pulled out, it is allowing warm air in the box.

Your door catch must be firm and the door hinges in good condition.

12. Read your instruction book carefully.

Some of the older boxes must be handled with particular care. If you've lost the book, write to the manufacturer and see if he can send you another.

Refrigerators not only use needed electric power in their functioning, but new ones use strategic defense materials. Remember this when you are tempted to replace the old box.

The shortage of metals means that next year there will be fewer refrigerators made. Let the family who hasn't any refrigerator at all have a chance.

Loan Volume in August

Loan balances outstanding to credit unions at the end of August, 1941, have been estimated by the Department of Commerce at \$222,400,000. The estimate is based on reports by 1,278 State- and Federal-chartered credit unions. The figure is 22.8 per cent higher than outstandings at the end of August, 1940, and 1.2 per cent higher than July 31, 1941. The rate of increase over July compares unfavorably, however, with the increase a year ago, when August loan balances were 2.4 per cent higher than July.

Loans made by credit unions during August totaled \$29,600,000, an increase of 7.6 per cent over August, 1940, and a 3.9 per cent decrease compared with July, 1941. In 1940 new loans in July and August were of equal volume.

During the first eight months of 1941, loans made by credit unions totaled \$246,100,000, an increase of 14.7 per cent over the first eight months of 1940.

Loans made by personal finance companies during the first eight months of 1941 have now reached a volume of \$625,500,000. The figure for August was \$86,200,000, and loan balances at the end of the month totaled \$536,000,000. The new loan volume for August was 1.4 per cent below July and 12.2 per cent above August, 1940.

New loans by industrial banking companies during the first eight months of 1941 totaled \$389,600,000. Loans made in August were \$46,100,000, an increase of 8.2 per cent over August, 1940, and a drop of 6.9 per cent from July, 1941.

Coming Events

December 6, 7, 1941

Board of Directors, CUNA Mutual Insurance Society, Chicago

December 11, 12, 1941

Board of Directors, CUNA Supply Cooperative, Chicago

December 13, 14, 1941

Executive Committee, Credit Union National Association, Chicago

January 17, 1942

Annual meeting, Virginia Credit Union League, Hotel Roanoke, Roanoke, Virginia

January 24, 1942

Annual meeting, North Carolina Credit Union League, Hotel Sir Walter Raleigh, North Carolina

January 24, 25, 1942

Annual meeting, Utah State Credit Union League, Inc., Hotel Utah, Salt Lake City

January 31, 1942

Annual meeting, New Jersey Credit Union League, Hotel Berkeley Carteret, Asbury Park, New Jersey

March 7, 1942

Annual meeting, Nebraska Credit Union League, Hotel Lincoln, Lincoln, Nebraska

March 14, 1942

Annual meeting, Kansas Credit Union League, Hotel Allis, Wichita, Kansas

March 20, 21, 22, 1942

Annual meeting, California Credit Union League, Hilton Hotel, Long Beach, California

March 20, 21, 22, 1942

Annual meeting, Ohio Credit Union League

March 21, 1942

Annual meeting, Connecticut Credit Union League, Hotel Bond, Hartford, Connecticut

March 27, 28, 1942

Annual meeting, Texas Credit Union League, Blackstone Hotel, Fort Worth, Texas

April 17, 18, 19, 1942

Annual meeting, Missouri Mutual Credit League, Jefferson Hotel, St. Louis, Missouri

April 18, 1942

Annual meeting, Pennsylvania Credit Union League

May 8, 9, 1942

Annual meeting, Minnesota League of Credit Unions, St. Paul, Minnesota

May 23, 1942

Annual meeting, Iowa Credit Union League

Our Interest in Your Safety



Here is a typical scene of a Farm Bureau Safety Demonstration before an interested group of students at Oxon Hill High School, Prince Georges County, Maryland. Braking and stopping distances are measured at different speeds.

Remember: Safety Saves—Carelessness Kills

The Farm Bureau Mutual Automobile Insurance Company maintains a continuous safety program to spread safety education and to help reduce accidents in the home, on the farm and on the highway.

A special Honor Award card and identification emblem are given to all policyholders who have had an accident-free period of 12 or more consecutive months. More than 60,000 policyholders have received this award.

Six hundred and sixty-three safety programs and demonstrations have been given to more than 380,000 high school students and adults to teach them the valuable lessons in safe driving and also to stimulate safe driving in our schools. Year in and year out, accidents take a greater toll than war.

Carry Full Coverage Protection

Carefulness and safe driving are mighty important, but you should also make sure that you have full-coverage automobile insurance protection for complete peace of mind and freedom from financial loss.

Full coverage protection offered by the Farm Bureau Mutual Automobile Insurance Company consists of Fire, Theft, Comprehensive, Collision, Property Damage and Bodily Injury.

In an insurance cooperative, such as the Farm Bureau Mutual Automobile Insurance Company, the economic principles of voluntary participation in and the democratic control of business is held by the policyowners, themselves, who made the business possible.

Farm Bureau Mutual Automobile insurance is available in the District of Columbia and in the nine states listed at the right.

State Offices of the Farm Bureau Mutual Automobile Insurance Company

The Company is licensed in the following states and the District of Columbia, and its services are available only in these states and the District. Write the State Office for the name of your local agent.

In Delaware—

State Office at Sherwood Building, 2 East North Avenue, Baltimore, Maryland.

In Maryland—

State Office at Sherwood Building, 2 East North Avenue, Baltimore, Maryland.

In New York—

State Office at 416 City Bank Building, Syracuse, New York.

In North Carolina—

State Office at 121 East Davie Street, Raleigh, North Carolina.

In Ohio—

Home Office at 246 North High Street, Columbus, Ohio.

In Pennsylvania—

State Office at 3607 Derry Street, Harrisburg, Pennsylvania, P. O. Box 209.

In Vermont—

State Office at 200 Loomis Street, Burlington, Vermont.

In Virginia—

State Office at Insurance Building, Richmond, Virginia.

In Washington, D. C.—

Office at Colorado Building, 14th and G Streets, Washington, D. C.

In West Virginia—

State Office at 504 Goff Building, Clarksburg, West Virginia.

FARM BUREAU MUTUAL AUTOMOBILE INSURANCE COMPANY

HOME OFFICE: COLUMBUS, OHIO

Federal Section

By HOWARD MACE

Editor *Cooperative Saving*

"I'll take a single room with bath and a \$25 Defense Bond," is a request that soon may be heard in a number of hotels located throughout the country. This peculiar order is echoed by such unusual requests as "Please let me have two pairs of silk hose, size 9, and a Defense Bond," already being made by customers of large department stores in a number of cities.

Back of these unique Defense Bond purchases by the patrons of department stores and hotels lies a story of splendid credit union-management cooperation with the Government's Defense Bond program. The credit unions serving the employees of these establishments make possible such sales of Defense Bonds to the public. In many cases the firm has set up a booth in a prominent place to assist the credit union in its efforts, while in others the patrons are directed to the credit union office to make their bond purchases.

It is worthy of special note that only those hotels and department stores which have credit unions serving their employees are in a position to participate in the Defense Bond program so effectively. That such participation can be extraordinarily valuable is demonstrated by the fact that one New York department store sold over \$12,000 worth of bonds in a very short time simply as the result of requests for them at the store's Defense Stamp booth. Although no arrangements had been made for the sale of bonds at the booth, store employees directed customers asking for bonds to the credit union office to make their purchases.

New Federal Charters

Following a seasonal slump during August and September, Federal chartering operations showed a sharp upward trend during the month of October. During that month 59 new credit unions were granted charters under the Federal Credit Union Act, bringing the total number of active Federal credit unions to around 4,220.

The employees of defense industries

garnered their share of the newly organized credit unions with a total of 4. Two of these new groups serve the 6,500 employees of the Grumman Aircraft Engineering Corporation, Bethpage, New York. Some 5,600 employees of Douglas Aircraft, Incorporated, Long Beach, California, are eligible for membership in another of the new groups, while the fourth serves defense workers in the Hercules Powder Company plant in Wilmington, Delaware.



Six new Federal credit unions were organized by the employees of local and Federal Government agencies. During October the employees in four textile and four electrical products plants also organized

Federal Credit unions to serve their thrift and credit needs.

Treasury Department Cooperates

Realizing the value of credit union participation in the sale of Defense Savings Bonds and Stamps, the Treasury Department has assigned one of its field men to devote full time to the promotion of the sale of Defense Bonds and Stamps by credit unions. The Treasury Department representative will cooperate with credit union leaders and with the Credit Union Section in their efforts to make credit union participation in the program as effective as possible.

In addition, the State Defense Savings Administrators and their deputies are cooperating with chapter and league officials in their efforts to assist the Government in the campaign. The Defense Savings Administrators in a number of States are aiding credit union leaders in sponsoring Defense Bond programs, including "Credit Unions and Defense," the attractive colored slide program developed by the Credit Union Section. Incidentally, this program is growing rapidly in popularity. It has been very favorably received in the many localities throughout the nation where it has been shown during recent weeks.

For Credit Committees

"Credit Committee Handbook," most recent publication of the Credit Union Section, is just off the press. This handbook, we believe, is the first work of its kind to give exhaustive treat-

ment to the functions, powers, and duties of the credit committee of a credit union. Included in the subjects it treats in detail in its 40 pages are: the social significance of credit, the loan application, the purpose of the loan, the loan applicant, tailor-made credit, security, and the organization and procedure of the credit committee.

One copy of the new publication has been furnished to the credit committee of each Federal credit union free of charge. Copies of it are also available to State-chartered credit unions and to other interested parties from the Superintendent of Documents, Government Printing Office, Washington, D. C., at the nominal cost of 10 cents a copy. All requests for copies of the handbook, together with the proper remittances, should be directed to the Superintendent of Documents.

Christmas clubs do \$400,000,000 business

The potential value of Christmas Club activity to credit unions is suggested by current figures on Christmas Club funds and membership in banks and commercial savings institutions.

Approximately \$400,000,000 will be distributed through these channels to more than 8,000,000 members in 1941. Herbert F. Rawill, president of the Christmas Club system, estimates that disbursements this year will be about 10 per cent higher than last, with an average for each member of \$48.50.

First Loan Made

The Saskatchewan Co-op Credit Society, recently chartered by special act of the provincial legislature to act as a clearing house for surplus funds of credit unions and cooperative societies, made its first loan October 18. The sum of \$500 was lent to a Regina credit union.

Interest on Savings Cut

Four of the leading banks of Pittsburgh, Pa., have announced that interest rates on savings accounts will be reduced in December to 1½ per cent. The reduction applies to accounts between \$50 and \$5,000. Interest on accounts over \$5,000 will be ½ of 1 per cent.

Get Registration Forms

If you are helping to organize new credit unions, you must be prepared to help them register under Regulation W. Forms may be obtained from Federal Reserve Banks.

At Christmas Time—

Do you want to make a fine gift which costs "just about a dollar"? If so—why not the

CUNA SMALL CHANGE BANK

A year-round useful gift for young and old!

It is a savings bank—4x4 inches on the face—made of durable tenite, with a mechanical calendar which requires insertion of a nickel, a dime or a quarter daily to keep it current and a quarter monthly to move the name of the month. A nickel a day in the bank totals \$21.25 a year, a dime \$39.50 a year, a quarter \$94.25 a year. Great for Xmas savings, vacation savings, saving insurance premiums, building your credit union account, etc. One dollar plus sales tax in states that have a sales tax. Inquire of your State League if handling forms; otherwise of the



BY THE WAY—Has your Credit Union provided itself yet with a set of the Annual Meeting charts? 1000 credit unions used them last year. The set includes four charts—36 x 48—with the material (numerals, tape, etc.) for making them. They are easy to make and present at your Annual Meeting a complete picture of the condition of your Credit Union. Full instructions for making furnished with the set. **ORDER NOW!**

**THANKING YOU FOR YOUR PATRONAGE
THE CUNA SUPPLY COOPERATIVE
WISHES YOU A MERRY CHRISTMAS!**

CUNA SUPPLY COOPERATIVE

MADISON, WISCONSIN

TEAMWORK WINS!



SAVE *regularly*
BORROW *prudently*
REPAY *promptly*

your **CREDIT UNION**

Out of
each pay
put some
away

